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Spotlight

ON FOREIGN MARKETING



TO U.S. AGRICULTURAL ATTACHES AND FAS STAFF MEMBERS

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April 20, 1963

WEEK-END CONFERENCE ON MARKET DEVELOPMENT. Representatives of cooperators in market development met together with FAS marketing specialists at Cacapon, West Virginia, on the week-end of March 29-31, 1963, to discuss ways of improving the administration of the market development program.

The conference, which lasted from Friday evening through Sunday noon, was quite successful. There were a total of 62 participants engaging in sessions that started early and ended late. In addition to the formally scheduled agenda one of the most valuable products of the conference was the opportunity for an informal discussion of market development problems between the cooperators and all levels of FAS from the Administrator, Raymond A. Ioanes, right down his chain of command through the Associate Administrator, Clarence R. Eskildsen, and the Assistant Administrator for Export Programs, David L. Hume, to any of the commodity or market development specialists. This furnished an excellent opportunity to review and resolve some of the multitudinous questions which arise in a program of this size.

FAS and Industry representatives threshed out a mutually satisfactory course of action to follow in our program. This session was considered of such value that many participants believe it should be repeated at intervals in the future.

An official report on the conference will be mailed to Attaches shortly. Meanwhile there is attached a summary written by a new employee of one of the cooperators which gives some interesting views. One point which the author "forgot," was the need stressed by FAS, for cooperators to get their detailed program requests in earlier in the year so that agreement writing can be spaced over the entire fiscal year and not crowded at the end as has been done this year and last.

ASSISTANT SECRETARY DUNCAN TO ATTEND INTERNATIONAL COTTON CONFERENCE. Assistant Secretary John P. Duncan, Jr. plans to represent the U.S. as Chairman of the Delegation to the International Cotton Advisory Committee Meeting in Bangalore, India.

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Other members of the eight man delegation include Bob Sherman, as alternate chairman, Horace Davis, and Carl Campbell.

Plenary meetings of the ICAC are scheduled from April 29 to May 8 and will be preceded by working committee sessions April 23-26, 1963.

Enroute to and from Bangalore, Mr. Duncan will stop in Madrid, Spain; Beirut, Lebanon; Tehran, Iran; New Delhi and Calcutta, India; Bangkok, Thailand, and Hong Kong to visit Agricultural Attache offices and to observe agricultural operations in the areas.

TESTS BEING MADE IN JAPAN TO DETERMINE QUALITIES (MILLING AND BAKING) OF U. S. WHEAT. Recently Wheat Associates/Tokyo began a project with the Japan Institute of Baking to test 30 samples of U.S. wheat -- Hard Winter, Dark Hard Winter, White Club, Western White, Soft White, Hard White, etc. of various protein levels.

Ed Seeborg of USDA Grain and Feed Division, who helped determine which tests would be made, is in Tokyo now and will observe the preliminary results of the tests which are to continue over a 13-month period. They are being run in order to determine the quality and milling characteristics in Japan of U.S. wheat. Then, samples of flour milled from this wheat will be used to test the baking qualities of the various wheats. The proper use of U.S. wheat flour in baked products -- hard and soft breads, cakes, cookies, crackers, etc. -- for the Japanese market will be determined. Tests are also to be made of the suitability of U.S. wheat for noodles (dry and wet) and other local favorite products.

The growing Japanese preference for western style foods is to be fostered by assuring the market of the very best in quality products for the end user.

SENATE COMMERCE COMMITTEE THROWS SPOTLIGHT ON THE PACIFIC. The Senate Commerce Committee which has been conducting a series of hearings on U.S. trade with the Pacific area, recently requested testimony from FAS officials on our program in that area. Ray Ioanes opened with a statement covering current agricultural trade developments in the area (being distributed to all Attaches) and Jim Howard followed with a visual presentation on our Market Development program in the Pacific. There were lively but friendly questions, particularly from Senator Clair Engle of California who was presiding.

Our analysis of market development records shows that the Pacific area accounted for over 18 percent of total market development expenditures in 1962 and 28.4 percent since the program began. Japan tops all other countries in cumulative market development expenditures, with India sixth, Thailand 11th and Pakistan 17th. The area accounts for about 1/4 of our agricultural exports.

LEATHER PROJECT IN JAPAN HAS DEVELOPED INTO THE KIND OF SUCCESS STORY WE LIKE. Japan is a traditional importer of hides and skins, a market study of leather consumption in 1959 revealed that per capita consumption of shoes and leather goods there was low compared to other countries of a similar advanced economic development. As a result, the Western States Meat Packers Association and the National Hide Association, as U. S. Cooperators working with FAS, developed a market development promotional program along with the All Japan Leather Association.

The project was initiated in September 1960 with the promotion being based on advertising of "genuine leather" products. One of the features of this program is a spring and fall leather "mode" show which introduces the new fashions in leather for the coming season. This show is so popular that the Japanese star entertainers vie for invitations to appear on the program. The consumption and demand for leather goods by the Japanese people has increased tremendously. By 1962, there had been more than a hundred percent increase in production of shoes. Leather goods are not only currently popular in Japan, they are real prestige items. Exports of U. S. cattle hides to Japan in 1959 were valued at \$12 million. In 1961, this trade expanded to \$25.5 million and in 1962 to \$27.2 million.

Prior to this leather promotion in Japan, cattle and hide prices on the West Coast and in the inter-mountain area of the United States were about 15 percent below hide market prices in the Eastern half of the United States. This price disadvantage reflected the Eastern location of a majority of our tanneries, and the limited outlets and extra freight costs for Western hides. Now hide prices in the West are equal to or command a premium over those in the rest of the United States, and the market value of cattle in the Western area has been increased by a dollar and half up to \$3.00 per head because of the improved hide prices.

This project has cost about \$150,000 per year. One-half of this amount is contributed by the All Japan Leather Association and the other half by the Foreign Agricultural Service and the U. S. Cooperators.

NEW OFFICIAL JOINS FEED GRAINS COUNCIL. Hubert E. Dyke recently, assumed the duties of Administrator for Market Development in the Washington office of the U.S. Feed Grains Council replacing Charles B. Degges.

Mr. Dyke is no newcomer to agricultural matters, having served in the USDA in various capacities in Nebraska and Washington, D. C., for more than 23 years. He owns a grain farm in southwestern Nebraska producing wheat, corn and grain sorghums.

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U.S. POULTRY MAKES ITS DEBUT IN SPAIN. Coincident with the arrival in Spain of 85 metric tons of U. S. poultry, preparing and serving demonstrations were held in Madrid, Barcelona, and Palma, that gave rise to an unusual amount of publicity. In addition to these demonstrations, the U.S. poultry industry's International Trade Development Committee (ITDC) contacted 201 supermarkets, 422 hotels, 135 restaurants, 57 embassies, 24 consulates, and a total of 143 importers, government officials, press, radio and TV offices. In the course of this intense educational activity, advertising was used by the two Spanish importers, several larger retailer chains and by the ITDC. Many of the cooperating retailers displayed large posters in their windows and accounted for the distribution of 50,000 folders.

The Spanish press treatment of this event was in no small way due to years of painstaking contact work on the part of the ITDC. When finally the products could be demonstrated for the first time at the Place Hotel in Madrid, the demonstration was attended by representatives of 150 hotels, restaurants, supermarkets, importers, government officials and a full complement of representatives of the press. From that demonstration on to those in other cities, many stories appeared in many publications. The sale of U. S. poultry increased as more and more stories appeared.

This is the first dollar sale of poultry to Spain in recent years.

WOOL MARKET PROMOTION NEW ZEALAND. Some concept of how the New Zealand Wool Board publicity functions, can be gathered from the fact that the Queen and Duke of Edinburgh attended the presentation of the Board's Wool Awards collection of 1963. The presentation took place February 11 where about one thousand guests (with heavy emphasis on the press) were present. Following the presentation of the Golden Shears an international wool shearing contest was held.

DIAZ REJOINS DSI FOR CHILEAN POST. Antonio Diaz Morales, former director of the Dairy Society International market development project in Colombia, has rejoined the program under which DSI cooperates with the Foreign Agricultural Service. Following a briefing period with FAS officials and others in Washington, he goes to Chile, where he will fill a newly created project assignment, that of Country Coordinator for Chile. He also will act as consultant on other Latin American matters.

The Society, in cooperation with American Dry Milk Institute, has been administering a consumer education program in Antofagasta, Chile, in connection with a Chilean-owned milk recombining operation designed to expand the demand for dairy products and meet this expanded demand with U.S. recombining ingredients. A second Chilean recombining operation in Santiago, has also signed a tentative Third Party Agreement with DSI to undertake a similar market promotion program. The work of the two projects will be coordinated by Mr. Diaz, who will also investigate

(MORE)

possible other recombining plants to participate in the project.

Mr. Diaz is a citizen of his native Peru. He received his training in dairy technology at the University of Oregon before coming to the United States for his university training. Diaz served as public relations director for the Ministry of Agriculture of Panama, and, in addition to his three years in Colombia for DSI, has served as a dairy plant or sales manager in Oregon and El Salvador.

In recent years, Chile has authorized and programmed increasing amounts of U.S. dairy products for dollar imports.

EUROPEAN EXHIBITS TO PROVIDE MARKET OPPORTUNITIES FOR U. S. FOOD PROCESSORS. In addition to the big Western European exhibit in Amsterdam (See Foreign Agriculture - April 8, 1963) FAS will have a market promotion and test-selling exhibit of American foods at the 1963 ANUGA international fair in Cologne, Germany, September 21 through 29.

The exhibit will parallel successful displays of the same type held during 1962 when more than \$100,000 worth of U. S. food products were sold over the counter to visitors at four major European fairs.

In addition to a test-selling area, the Cologne exhibit will include facilities where cooperating trade associations will have demonstrations and samplings of U.S. products including nonfat dry milk and soft ice cream; rice; fresh, canned and dried fruit; soybean products; honey; flour and flour products, and a snack area where U.S. turkey sandwiches and fried chicken, U.S. style, will be featured. Western European exhibit in Amsterdam, November 7 to 24, will be the only major USDA food fair activities in Europe during 1963. A number of cooperators have indicated an interest in displaying products at the Amsterdam exhibit. Products to be exhibited are wheat, cotton, tobacco, meat products, leather, feed grains, fats and oils, poultry, fruits and vegetables, honey, rice, beans and lentils and certified seeds.

Detailed information and application forms for business firms wishing to participate in either or both the Cologne or Amsterdam exhibits will be ready for distribution within the next few weeks. Firms wishing to receive this material should communicate with the International Trade Fairs Division in Washington.

PRE-MIX FLOUR PRODUCT PROMOTION STANDS ESTABLISHED IN MAJOR CITIES IN JAPAN. Approximately 300,000 persons observed the cooking demonstrations of pancakes and doughnuts which were conducted at 48 stands set up in all major cities. About 60,000 persons sampled the products and 84,000 information leaflets were handed out. Advertisements of pre-mix flour products are frequently seen on some nation-wide Japanese newspapers.

ASSISTANCE TO VISITOR FROM MOROCCO PAY OFF. Help to a visitor from Morocco is paying off in good will for American wheat. Alain Scemla, in training to assume management of BARUK MILLING CO. of Rabat, Sale, and Marrakech in Morocco wanted to see how the United States millers and the grain handling industry operated. To do this he proposed to visit the United States in

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November and December of 1962 but had originally believed he could see U.S. wheat handling by simply going to New York City. Upon the advice of the Agricultural Attache at Rabat and with the guidance and financial assistance of the Great Plains Wheat, an itinerary was set up which included Minneapolis, Kansas City, San Francisco, New York and Washington, D. C. with extensive visits to the grain markets in Chicago.

Upon his return to Morocco Mr. Scemla offered to meet with the milling industry to share his impressions of American methods. In reporting on his visit to the United States Mr. Scemla placed much stress on the need for grading and buying on grades and for new and more aggressive concepts of advertising and promotion of bread and bakery products in Morocco.

A fine letter of appreciation was received by Ambassador John H. Ferguson.

INSPECTION TEAM FROM MEXICO TO U.S.A. The United States Feed Grain Council is sponsoring the visit of a three man team composed of grain officials from Mexico. The purpose of this visit is to acquaint these neighbors to the south with the handling, loading, shipping, sampling and inspection of grains moving into export from this country.

In addition to the USDA in Washington, D. C. and Beltsville, Md., the team is visiting points of interest with regard to grain in Chicago, Omaha, Kansas City, Manhattan and New Orleans. The visit of this team was suggested by Dr. Henry Hopp, our Agricultural Attache in Mexico.

LATIN AMERICA ALLIANCE FOR PROGRESS--FOOD RESOURCES CONFERENCE. A Conference will be held in Quito, Ecuador, May 12-17 to discuss how agriculture and food resources of the U.S. can best be utilized to further the Alliance for Progress. Orville L. Freeman, Secretary of Agriculture, David E. Bell, Administrator, AID, Richard W. Reuter, Director, Food for Peace, Theodore Moscoso, Coordinator for Alliance for Progress, and appropriate Members from their Washington Staffs, will meet with the Agricultural Attaches, AID Rural Development Officers, and AID Food for Peace Officers in Latin America, to explore together how to pool their efforts and to make maximum use of U.S. food resources in reaching the objectives of the Alliance for Progress.

Discussions will cover pertinent policy and program matters and relationships among USDA, AID and Food for Peace. Particular attention will be focused on rural development and the role of food resources as an instrument of economic development within the context of the Alliance.

The Conference will open at 5:00 PM Sunday, May 12. At this meeting Secretary Freeman, Administrator Bell and Director Reuter will speak. It is planned that the Agricultural Attaches, AID Rural Development Officers, and AID Food for Peace Officers, will meet separately on Thursday, May 16. Representatives of the Voluntary Agencies, Market Development Cooperators, Land Grant

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Colleges and Foundations, working in Latin America have been invited to participate in the Conference, Friday, May 17.

MAID OF COTTON TO MAKE TWO EUROPEAN TRIPS. Plans are set for two international tours by Shelby Smith, the 25th Maid of Cotton. Paris, Rome and Berlin are among the famous European cities on the double itinerary. Miss Smith, will fly from New York to Paris on May 30. The next week she will be in Italy for fashion promotions sponsored by the Italian Cotton Committee and Rinascente department stores. The following week, the Maid flies to Spain for events sponsored by the Spanish Cotton Textile Service. Her Silver Anniversary wardrobe, will also include largest collection of European Haute Couture any Maid of Cotton ever carried.

In October, the Maid will fly to Berlin to appear during showings of new lines by the designers who create for what is considered the largest ready-to-wear industry in Europe.

JAPANESE SOFT SELL IN THE UNITED STATES. The U.S. - Japan Trade Council recently sponsored a meeting in Chicago to discuss the importance of Japan as a market for U. S. agricultural products. Speakers included: George W. Ball, Under Secretary of State; Roland R. Renne, Assistant Secretary, USDA; Hon. Akira Nishiyama Japanese Charge in Washington; J. B. Hutson, President, Tobacco Associates, Inc.; Clifford Hope, President, Great Plains Wheat, Inc.; George Strayer, Executive Vice President, American Soybean Association; and a number of others. Though the Japanese interest was to improve the image of their country in the U.S., it served to accent the importance of our market development program before an audience of midwestern agricultural leaders.

I-API OPENING WASHINGTON OFFICE. At the Institute of American Poultry Industries Fact Finding Conference, it was announced that Lee Campbell of the I-API Chicago Headquarters staff will be moving to Washington to head the new Washington I-API office. Mr. Campbell has been on the I-API staff since 1948 (except for a two-year period with a Chicago advertising firm) and handles marketing programs, with emphasis on international trade development. The Washington I-API office is expected to open about June 15.

MARKET DEVELOPMENT
COOPERATOR -- F.A.S. WEEK-END CONFERENCE
MARCH 29-31, 1963

FOLLOWING ARE THE HIGHLIGHTS -- CONDENSED AND "DEHYDRATED":

COOPERATORS STATEMENTS DIRECTED TO OTHER COOPERATORS

Measure the Effectiveness of your Programs.

It's alright to do some "Chumming" in beginning, but it's time to fish. Are there anymore fish in this pool? If not -- move to another pool. Allow 3 times around the track then if not in the money -- out to pasture. Are you as a cooperator, outgrowing yourself?

Drop the small profit items -- concentrate where the customers are. Is it time to become "Intensive" instead of "Extensive" in your programs? Set up programs with built-in provisions for measurement of effectiveness. You can't measure program effectiveness by increased sales -- they might have increased anyway.

One factor alone can seldom be said to have caused increased sales.

Public relations cannot be accurately measured.

We are prone to say, "Here was situation when we started -- here it is now." Inference being -- that we played a part.

To evaluate effect -- correctly state the objective in the beginning!!

COOPERATOR STATEMENTS DIRECTED TO FAS PERSONNEL

Too much red tape. Too much delay. Too many people have to approve. How can status of project be determined? Who in FAS has it and why? Approval in principle, of cooperator programs, requires six separate steps. Project agreement or amendment, based on approval in principle, requires fifteen separate steps: One or more persons in each of the fifteen steps either reviews, approves, comments, recommends or rewrites and then returns, forwards or transmits to someone.

(Cooperators refer to this in baseball terms as, "Tinkers To Evers To Chance".)

STATEMENTS OF FAS PERSONNEL

We must improve relationship. Simplify work. Eliminate red tape where possible. This we will do.

Our policies and procedures will be proved and improved where possible. We must take a hard look at projects, not only those of cooperators, but within FAS, as to worthwhileness, economy and objectives accomplished. "Put yourself in the place of we FAS officials: with 659 projects carried on by 40 cooperators in 59 countries.. I am going to be fair, but I am going to be tough ... I sign my name on approvals for projects."

SUMMARIZATION

We must build the record.

The record will show the aims and objectives.

The record will show the experience and accomplishments.

Many people will look at the record for many reasons. Some will look to see if funds have been used wisely; some will look at the record to evaluate our ability to satisfactorily perform in the future. We must build the record.
